

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 SP-02 STR-06 TRSE-00 LAB-04
SIL-01 OMB-01 IGA-02 L-03 /056 W
-----038157 262248Z /41

P 261810Z JAN 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 4503

INFO ALL EC CAPITALS

C O N F I D E N T I A L BRUSSELS 01581

USEEC

PARIS ALSO FOR USOECD

DEPARTMENT PASS TREASURY (RYSS)

E.O.11652:GDS

TAGS: ETRD, EFIN, EEC

SUBJECT: EXPORT CREDIT CONSENSUS: EC EXPORT CREDIT

GROUP MEETING JANUARY 24-25

REF: (A) STATE 15723, (B) BRUSSELS 1509

1. MISSION TALKED WITH EC COMMISSION OFFICIALS KLEIN AND BREMNER ON RESULTS OF EC DISCUSSION IN SUBJECT MEETING OF EXPORT CREDIT CONSENSUS NEGOTIATIONS.

2. BOTH KLEIN AND BREMNER WERE VERY RELUCTANT TO GO INTO DETAILS OF EC DISCUSSIONS. KLEIN SAID THERE WAS AS YET NO EC AGREEMENT ON ANY MODIFICATION OF EC POSITION ON MAJOR POINTS OF DIFFERENCE (INTEREST RATE MATRIX, MIXED CREDITS, EXPORT INFLATION INSURANCE) WITH U.S. PROPOSAL. FULL DAY OF DISCUSSION ON BASIS OF MOST RECENT OECD DRAFT HAD FAILED TO OBTAIN AGREEMENT TO REMOVE ANY BRACKETS FROM TEXT (IN FACT, HE SAID, ONE BRACKET HAD BEEN ADDED ON A TECHNICAL POINT).

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3. BOTH KLEIN AND ESPECIALLY BREMNER INDICATED THEY DID NOT WANT TO LEAVE IMPRESSION OF RIGIDITY IN EC POSITION, BUT FELT IT WOULD BE QUITE PREMATURE AND POTENTIALLY MISLEADING TO SUGGEST WHERE EC MIGHT BE HEADING ON SPECIFIC POINTS. THEY WOULD NOT DISCUSS POSTURES OF INDIVIDUAL MEMBER STATES IN MEETING EXCEPT TO SAY THAT

FRENCH CONTINUED TO BE SOLE OBSTACLE ON QUESTION OF MIXED CREDITS AND THAT EC WAS VIRTUALLY UNANIMOUS THAT SCOPE OF CONSENSUS SHOULD NOT BE BROADENED TO INCLUDE REFERENCE TO INFLATION/EXCHANGE RISK INSURANCE SCHEMES FOR EXPORTERS.

4. BOTH ALSO EMPHASIZED THAT THIS WAS NOT DECISIVE MEETING: FURTHER INTERNAL EC DISCUSSIONS WOULD BE HELD, WITH A FINAL EC EXPORT CREDIT GROUP MEETING FEBRUARY 14 IN PARIS JUST PRIOR TO RESUMPTION OF NEGOTIATIONS WITH OTHER CONSENSUS PARTICIPANTS.

5. BREMNER APOLOGIZED FOR BEING UNUSUALLY UNINFORMATIVE BUT EXPRESSED COMMISSION WORRY THAT IF US GOT IMPRESSION OF CERTAIN SHIFTS IN EC POSITION BEFORE TH WERE FINAL, US REACTIONS MIGHT COMPLICATE NEGOTIATING PROCESS, OR BE DANGEROUS TO DELICATE INTERNAL EC PROCESS. US POSITION WAS FULLY UNDERSTOOD, AND HIGH LEVEL OF US INTEREST QUITE WELL APPRECIATED. AT MEETING HE HAD HEARD ABOUT RECENT US HIGH LEVEL APPROACHES IN CAPITALS; HE ALSO MENTIONED THAT UK DELEGATE REPORTED HEALEY WORRY THAT US PRESSURE MIGHT BE COUNTER PRODUCTIVE AT THIS STAGE.

6. MISSION IS INCLINED TO BELIEVE THAT MORLEGHEM REPORT (REF B) IS ACCURATE INDICATION OF WHERE EC DISCUSSIONS ARE HEADING, ALTHOUGH COMMISSION RETICENCE SUGGESTSTHAT
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EVEN LIKELY EC CONCESSIONS ON INTEREST RATES ARE NOT COMPLETELY NAILED DOWN. WE WILL CONTINUE TO TRY TO OBTAIN FURTHER INFORMATION FROM PERMREP SOURCES. HINTON

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